

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Food Stamps Cluster CFDA #10.551 and 10.561 Finding 02-01 Allowable Costs and Activities

Department Response

The Transitional Assistance Department (TAD) has put measures in place to reduce time study errors. Due to the timing of the audit, the measures were not reflected in the last audit. The following measures have been taken:

- Time Study instructions have been posted on the TAD intranet site. Posting instructions have ensured that staff has instructions that are current and easily accessible for their use.
- HSS has started enhancements to the Eligibility Time Study application. The Eligibility Time Study application is a computerized time study. Staff members input their time into the system and print a copy for review and submission. Currently non-allocable time is recorded on one line in the time study. The department will change the Eligibility Time Study form by adding more options for recording non-allocable time. The change will allow for detailed reports, which TAD management can use to monitor staff adherence to Time Study instructions. The Information Technology and Support Division (ITSD) have scheduled the enhancements for the November 2003 Time Study month. Improvements should be evident in the second quarter of the 2003/2004 fiscal year.
- We currently perform a 15% fluctuation analysis between time study quarters.

The following will be implemented:

- The TAD director will send a memo to staff, with the time study instructions for the August 2003 time study, emphasizing the importance and effect of the time study on the expense claim and funding.
- Supervisors will be trained in the review of time studies. During training supervisors will be instructed to make copies of all leave request forms during time study months. They will be required to compare the leave request forms to the individual's time study. The director will meet with those supervisors who still have staff with errors on their time study.
- The HSS Auditing Division will perform additional analytical procedures to measure fluctuations between: (1) quarters of different fiscal years, and (2) the current year and the previous year. This procedure will be implemented in the first quarter of the 2003/2004 fiscal year.

Measures to ensure that these steps have been implemented will include: (1) TAD management will follow up with the Information and Technology Support Division for system revisions, and (2) HSS Auditing will conduct a sample review of time studies.

Name of Responsible Person: Linda Haugan
Name of Contact Person: Jennie Randolph

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Food Stamps Cluster CFDA #10.551 and 10.561

Finding 02-02

Special Tests and Provisions – ADP System for Food Stamps

Department Response

The Department will continue its review of casework through the Tier Review Process. The Tier Review Process calls for a specific number of case reviews to be completed on caseworkers on a monthly basis. An additional component of the review process is to have all Food Stamps cases countywide reviewed within a specified timeframe. The Tier Review Process also ensures that reviewers of caseworkers have their work performance reviewed to ensure the highest degree of case integrity.

Name of Responsible Person: Linda Haugan

Name of Contact Person: Jennie Randolph

Food Stamps Cluster CFDA #10.551 and 10.561

Finding 02-03

Special Tests and Provisions – ADP System for Food Stamps

Department Response

We do not agree with this finding. Currently caseworkers review documents on a sample basis. These reviews have shown that input errors are rare.

Name of Responsible Person: Linda Haugan

Name of Contact Person: Jennie Randolph

Community Development Block Grant

CFDA # 14.218

Finding 02-04

Reporting

Department Response

- The Department of Housing and Urban Development has been contacted to verify the information required on Line 11g of the 272 Report (Federal Cash Transaction Report). At this time, we have not received a response

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to this query. However, the Federal Cash Transaction Report will have Program Income dispersed included starting with the April – June 2003 report. The Program Income amounts will be retrieved from the HUD report # CO4PR01. The Fiscal supervisor will review all quarterly reports and correct any errors. ECD developed an Exception Report to reconcile FAS expenditures to HUD Draws.

- The Planning & Administration unliquidated obligation amount of \$4,027.28 was not entered on line 31 of the County's 2000-01 Financial Summary for the Community Development Block Grant Program, because the amount was not known at the time. The Planning & Administration unliquidated obligation amount of \$4,027.28 for 2000-01 was correctly entered on the County's 2001-02 Financial Summary on line 33, as the Planning & Administration unliquidated obligations reported end of previous report period. The impact to the 2000-01 percent funds obligated for Planning & Administration is insignificant at 14.24% compared to 14.28%.
- In September of 2002, Fiscal Years 1998-2002 were reconciled and correcting draws or charges were completed October 23 and 24, 2002. At that time the errors regarding these two drawdowns were identified and corrected. The Department is now utilizing the Exception Report monthly to reconcile each GRC and making corrections within the correct fiscal year.
- The reconciliation between FAS and our database figures was hampered due to the time constraints of the audit. The reconciliation would have had negligible discrepancy had there been more time to do a more thorough job. The reconciliation of FAS transactions with transactions that appear in our database is performed daily. A Fiscal Clerk II adjusts the previous balance using the charges and credits from the previous day and reconciling that figure to the current day's balance. If there are any discrepancies, these are researched and corrections made. The expenses and revenues used in our database to develop the Tracking Report figures are downloaded directly from FAS. There should be no discrepancy between the two numbers. While the \$10,611 difference is a sizable amount it represents less than 2 tenths of one percent of the total grant amount. As to the use of the "New GRC" in our database, any changes to the FAS GRC will be documented on a separate report that can be used to reconcile FAS to our database.

Name of Responsible Person: Douglas Payne
Name of Contact Person: Thomas Anderson

Community Development Block Grant CFDA # 14.218 Finding 02-05 Cash Management

Department Response

For the IDIS draw for the Fontana Boys & Girls Club, we drew the funds based on information from the agency that they had bought the equipment covered under the draw. We discovered after the draw that the agency purchased the equipment from several retail stores in March and April 2002 but did not pay for the purchases until May and June 2002. Also, the interest earned by the County on the CDBG funds drawn for the reimbursement of the equipment purchased was returned to the US Treasury. The ECD Department is implementing a new Claim Tracking system database. This database will allow all program analysts to review the timeliness of claims submitted by their

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subrecipients. This will ensure that the County will meet the established cash management goals and timeliness test requirements under the grant.

Name of Responsible Person: Douglas Payne
Name of Contact Person: Thomas Anderson

COPS More Grant CFDA # 16.710 Finding 02-06 Equipment and Real Property Management

Department Response

The Sheriff's Department will comply with existing County procedures for physical inventory of fixed assets. Payments on contracts providing fixed assets will be encumbered in 2 lines to allow for capitalization of the equipment purchased. A fiscal staff will be assigned to track fixed asset expenditures during the fiscal year and ensure that such equipment are included in the County's fixed asset list. Fixed assets purchased with grant funds will be recorded as such and notes as far as uses, limitations and manner of disposition will be tracked separately.

Expenditures will first be reconciled with FAS Monthly reports before being included in any reports, or claims for reimbursement to ensure that such expenditures have already been paid and the transaction already posted into FAS.

Name of Responsible Person: Norm Hurst
Name of Contact Person: Carolyn Bondoc

COPS More Grant CFDA # 16.710 Finding 02-07 Reporting

Department Response

Invoices will be matched against the Monthly FAS Reports to ascertain that such invoices have already been paid and cleared through FAS prior to submission for reimbursement.

Name of Responsible Person: Norm Hurst
Name of Contact Person: Carolyn Bondoc

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COPS More Grant

CFDA # 16.710

Finding 02-08

Matching

Department Response

A Letter of Guidance dated March 19, 2003 was issued allowing the Sheriff's Department to use SCAAP funds as COPS MORE 98 grant match. The funds are currently deposited into a Special Revenue account and can be transferred to the COPS MORE fund SDE-SHR if needed.

Name of Responsible Person: Norm Hurst

Name of Contact Person: Carolyn Bondoc

Temporary Assistance to Needy Families

CFDA #93.558

Finding 02-09

Allowable Costs and Activities

Department Response

The Transitional Assistance Department (TAD) has put measures in place to reduce time study errors. Due to the timing of the audit, the measures were not reflected in the last audit. The following measures have been taken:

- Time Study instructions have been posted on the TAD intranet site. Posting instructions have ensured that staff has instructions that are current and easily accessible for their use.
- HSS has started enhancements to the Eligibility Time Study application. The Eligibility Time Study application is a computerized time study. Staff members input their time into the system and print a copy for review and submission. Currently non-allocable time is recorded on one line in the time study. The department will change the Eligibility Time Study form by adding more options for recording non-allocable time. The change will allow for detailed reports, which TAD management can use to monitor staff adherence to Time Study instructions. The Information Technology and Support Division (ITSD) have scheduled the enhancements for the November 2003 Time Study month. Improvements should be evident in the second quarter of the 2003/2004 fiscal year.
- We currently perform a 15% fluctuation analysis between time study quarters.

The following will be implemented:

- The TAD director will send a memo to staff, with the time study instructions for the August 2003 time study, emphasizing the importance and effect of the time study on the expense claim and funding.

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- Supervisors will be trained in the review of time studies. During training supervisors will be instructed to make copies of all leave request forms during time study months. They will be required to compare the leave request forms to the individual's time study. The director will meet with those supervisors who still have staff with errors on their time study.
- The HSS Auditing Division will perform additional analytical procedures to measure fluctuations between: (1) quarters of different fiscal years, and (2) the current year and the previous year. This procedure will be implemented in the first quarter of the 2003/2004 fiscal year.

Measures to ensure that these steps have been implemented will include: (1) TAD management will follow up with the Information and Technology Support Division for system revisions, and (2) HSS Auditing will conduct a sample review of time studies.

Name of Responsible Person: Linda Haugan

Name of Contact Person: Jennie Randolph

Temporary Assistance to Needy Families

CFDA #93.558

Finding 02-10

Eligibility

Department Response

The Transitional Assistance Department (TAD) validates the necessity for payment accuracy in the programs. Implementation and adherence to policies and procedures that achieve payment accuracy are the highest priority of all TAD staff. TAD has taken many steps toward minimizing misspent dollars in our program. A review by our corrective action staff has revealed that Food Stamp errors have declined due to the implementation of the following actions:

- Ensure our department philosophy is one of improving payment accuracy. To that end, TAD contracted with Deloitte and Touche to provide consultant services to improve payment accuracy rates to clients.
- The TAD Intranet site has been redesigned to include more information and resources for staff use in ensuring payment accuracy. For example, "pop up" alerts appear when the computer is started to remind staff of certain policies or procedures.
- TAD policy and program handbooks are available on the TAD Intranet site. This ensures that staff has easy access to current program/policy information.
- TAD has implemented a department-wide recognition program to reward staff that contributes to our payment accuracy efforts.

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- TAD has begun “Lunch and Learn” sessions. These sessions are an opportunity for staff to learn about specific program information that can be applied when performing their casework. TAD staff is rewarded for attending these sessions.
- TAD has supervisory and line staff complete quizzes to test their program knowledge. Staff that successfully complete the quizzes are rewarded.
- TAD has implemented the “Tier I, II and III” Case Review Processes. Under these processes, a uniform case reading instrument was developed for use by TAD supervisors when completing full case reviews of their staff. The process also ensures timely and accurate processing of monthly reports. This is achieved through case reviews and subsequent case corrections within the first 12 days of the month.
- TAD publishes a newsletter for all staff that focuses on departmental corrective action and payment accuracy efforts.
- TAD has begun a review of unnecessary and/or duplicative forms used by staff. The goal is to eliminate burdens placed on staff because of duplication and allows them to focus on quantitative payment accuracy actions.

The following additional procedures will be implemented:

- Management reviewed timely recertification procedures. All levels of TAD staff, including TAD Deputy Directors and District Managers, will reinforce these procedures. Additionally, A “pop-up” alert was placed on the TAD Intranet site in April 2003 to remind staff of the correct procedures for timely processing of recertifications.
- TAD will remind Caseworkers to follow procedures and sign all CW7s.
- Caseworkers will be reminded to send appropriate Notices Of Action and to ensure clients are properly referred to domestic violence or homeless shelters.

TAD Administration will follow-up on the effectiveness of these procedures and retain evidence of their review for the 2003 Single Audit follow-up. The completion date for the corrective action will be October 31, 2003.

Charges to the existing system will not be performed due to the shift of programming budget from the old CWS/CMS system to the Statewide Automated Welfare System (SAWS) Consortium-IV (C-IV) system. The Department will discuss the recommendation with the C-IV Implementation Team. Corrective action will be completed after the implementation of the C-IV system, tentatively schedule for October 2004. The C-IV Team and the State track implementation.

Name of Responsible Person: Linda Haugan

Name of Contact Person: Jennie Randolph

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-11 Allowable Costs and Activities

Department Response

The Mental Health Plan's *Provider Manual* is currently being revised. This revision will include an expanded section which deals with documentation requirements for providers, including maintenance of satisfactory progress notes and diagnosis sheets. Two other steps will be taken to increase provider awareness of documentation requirements: (1) A letter will be sent to all fee-for-service providers, reviewing documentation standards; and (2) This topic will receive additional coverage during the mandatory provider training sessions. In addition, when the Compliance Unit identifies a fee-for-service provider as someone who has repeatedly failed to meet minimum standards for record keeping, that Unit will notify Access, which will, in turn, require that the out-of-compliance provider submit documentation along with HCFA-1500 forms.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-12 Allowable Costs and Activities

Department Response

The Access Unit and Fiscal Services will continue to work together to ensure timely billing and correction. The Access Unit does have a procedure in which whereby the MHS494 report is routed from the Automated Services Group to Fiscal Services, and then on to the Access Unit for review and correction when needed.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-13 Allowable Costs and Activities

Department Response

The Department will provide training to providers and staff on the appropriate use of late reason codes. The department will implement a quality assurance monitoring process of the monthly "test" Medi-Cal claim to verify "Good Cause Certifications" are on file with providers before late claims are submitted to the State.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-14 Client Eligibility

Department Response

The plan of correction for this item will involve three elements: (1) The revision of the *Provider Manual* which is currently underway will include an expanded section on documentation standards for fee-for-service providers, and will underscore the importance of a broad range of requirements (including, for example, the need for the chart to contain signed and dated treatment consent forms, properly completed diagnosis sheets and physical assessment forms); (2) A letter will be sent to all fee-for-service providers setting forth appropriate documentation standards, and emphasizing the need for compliance; and (3) The portion of the mandatory provider training session which deals with documentation standards will be expanded and re-emphasized.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-15 Reporting

Department Response

The department has completed cross training and documentation of procedures for Application Services Group staff to ensure timely submission of electronic claims on a monthly basis.

Name of Responsible Person: Claudia Rozzi

Name of Contact Person: Claudia Rozzi

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-16 Subrecipient Monitoring

Department Response

The Department implemented references to OMB Circular A-133 in the renewal of its FY2002/2003 and FY2003/2004 Fee-For-Service and mental health service agreements. The Department will ensure that a signed copy of the contract and/or Provider Service Agreement is on file for each provider. The Department will ensure any multi-year agreement gets amended to include this reference.

Name of Responsible Person: Claudia Rozzi

Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-17 Subrecipient Monitoring

Department Response

The Department uses sub-recipient contract monitoring tools for the various service delivery systems (Managed Care, Mental Health, and Alcohol & Drug Services). The department will implement the same monitoring procedures now in place for Alcohol & Drug Services' contracts that ensures sub-recipient's annual submission of required single audit reports are timely, recorded, reviewed, and if required, forwarded on to the State.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

Medical Assistance Program Mental Health Program CFDA #93.778 Finding 02-18 Special Tests and Provisions - Provider Eligibility

Department Response

The Access Unit does have procedures for obtaining a W-9 Form and Request for Vendor Code for each fee-for-service provider. These procedures will be amended to include specific details about how each provider is to complete the forms so that a unique Vendor Code ID number is obtained for each provider and the County's 1099 database accurately reflects the department's vendor payments. The Access Unit will work with Fiscal Services to identify duplicate tax identification numbers and require that providers use their Social Security numbers rather than tax identification numbers when appropriate.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

**Medical Assistance Program
Mental Health Program
CFDA #93.778
Finding 02-19
Special Tests and Provisions - Provider Eligibility**

Department Response

The Access Unit supervisor will develop a written procedure for reviewing the fee-for-service provider listing, and will perform a monthly sample audit of the fee-for-service provider files to ensure the accuracy of the information contained therein, and to identify any issues needing correction or attention.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

**Medical Assistance Program
Mental Health Program
CFDA #93.778
Finding 02-20
Special Tests and Provisions - Provider Health and Safety Standards**

Department Response

The health and safety standards site survey checklist will be included as an integral part of the fee-for-service provider credentialing process. Fee-for-service providers will be required to complete the site survey form to assure that health and safety standards are met.

Name of Responsible Person: Claudia Rozzi
Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

**Medical Assistance Program
Mental Health Program
CFDA #93.778
Finding 02-21
Special Tests and Provisions – Managed Care**

Department Response

Effective October, 2002, DBH staff use Charge Data Invoice (CDI) forms to code quality assurance activities. The quality assurance codes shall be disseminated to all DBH staff to ensure that the codes are properly utilized. Supervisors who review the CDIs will be informed of the need to ensure that the coding is correct. The Compliance Unit will notify all CQI (Continuous Quality Improvement) Committee members to code their quality assurance time on the CDIs. DBH will use this supporting documentation when preparing the Quarterly Quality Assurance Reports.

The health and safety standards site survey checklist will be included as an integral part of the fee-for-service provider credentialing process. Fee-for-service providers will be required to complete the site survey form to assure that health and safety standards are met.

Name of Responsible Person: Claudia Rozzi

Name of Contact Person: Claudia Rozzi

**Medical Assistance Program
Mental Health Program
CFDA #93.778
Finding 02-22
Special Tests and Provisions – Managed Care**

Department Response

The existing Utilization Review policies and procedures are currently being reviewed and revised, and a formal tracking mechanism will be implemented to monitor that the goal is being met within the established time frames.

Name of Responsible Person: Claudia Rozzi

Name of Contact Person: Claudia Rozzi

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program HSS Administration CFDA #93.778 Finding 02-23 Allowable Costs and Activities

Department Response

The Transitional Assistance Department (TAD) has put measures in place to reduce time study errors. Due to the timing of the audit, the measures were not reflected in the last audit. The following measures have been taken:

- Time Study instructions have been posted on the TAD intranet site. Posting instructions have ensured that staff has instructions that are current and easily accessible for their use.
- HSS has started enhancements to the Eligibility Time Study application. The Eligibility Time Study application is a computerized time study. Staff members input their time into the system and print a copy for review and submission. Currently non-allocable time is recorded on one line in the time study. The department will change the Eligibility Time Study form by adding more options for recording non-allocable time. The change will allow for detailed reports, which TAD management can use to monitor staff adherence to Time Study instructions. The Information Technology and Support Division (ITSD) have scheduled the enhancements for the November 2003 Time Study month. Improvements should be evident in the second quarter of the 2003/2004 fiscal year.
- We currently perform a 15% fluctuation analysis between time study quarters.

The following will be implemented:

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- The HSS Auditing Division will perform additional analytical procedures to measure fluctuations between: (1) quarters of different fiscal years, and (2) the current year and the previous year. This procedure will be implemented in the first quarter of the 2003/2004 fiscal year.

Measures to ensure that these steps have been implemented will include: (1) TAD management will follow up with the Information and Technology Support Division for system revisions, and (2) HSS Auditing will conduct a sample review of time studies.

Name of Responsible Person: Linda Haugan
Name of Contact Person: Jennie Randolph

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Medical Assistance Program HSS Administration CFDA #93.778 Finding 02-24 Allowable Costs and Activities

Department Response

We disagree with this finding. The decision to use a three-year life was reasonable based on the circumstances at the time the lease was negotiated.

The lease was negotiated in 1999 and the first lease payment was made February 1, 2000. The Cost Allocation Plan (CAP) for 1999/2000 did not specify a five-year life for the EDP cost pool. The department followed guidance in a County Fiscal Letter (CFL) from the California Department of Social Services.

The most recent CFL at that time, CFL 96/97-63, instructed counties to depreciate EDP equipment "...over its useful life, which is expected to be a period of no less than three years." Due to the pace of computer technology, the Department did not believe that the equipment would still be in use after three years. The funding was available to support a three-year life. The decision to finance the EDP equipment over three years reduced interest costs. Interest savings were \$217,662 over the term of the lease. The interest savings for fiscal year 2001/2002 alone was \$53,229.

The difference will self-correct in the 2003 fiscal year. Correction will occur because expenditures claimed in the 2003 through 2005 Expense Claims will be lower than the amounts allowed using depreciation over five years. The 2002/2003, 2003/2004 and 2004/2005 fiscal year claims would be reduced by \$50,196, \$753,175 and \$418,807 respectively.

- In fiscal year 2002/2003, allowable depreciation of \$702,648 and interest of \$92,872 totals \$795,520. However, \$50,196 of the \$795,520 will not be claimed.
- In fiscal year 2003/2004, allowable depreciation of \$702,648 and interest of \$50,527 will not be claimed; and,
- In fiscal year 2004/2005, allowable depreciation of \$409,878 and interest of 8,929 will not be claimed.

The department changed its procedures for expensing and capitalizing equipment. EDP equipment purchased for \$5,000 or more will be amortized over a five-year life. The Administrative Support Division will notify the Auditing Division when equipment has been purchased and will need to be depreciated. The Auditing Division will prepare the depreciation schedule based on the useful life of the asset. HSS will follow OMB Circular A-87, Attachment B, Section 19a(1), which allows ancillary charges (e.g., taxes) to be excluded from the capital expenditure costs.

In the County Expense Claim, the allowable depreciation will be claimed in the EDP cost section, the interest will be claimed as an Other Operating cost, and the principle portion of the capital lease payment will be listed as an extraneous, or nonclaimable, expense.

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Corrective Action Plan

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The completion date for the corrective action will be September 30, 2003. The Auditing Division and the Administrative Resource Division will ensure that this corrective action has been taken.

Name of Responsible Person: Martha Williams

Name of Contact Person: Jennie Randolph

**Medical Assistance Program
Alcohol and Drug Program
CFDA #93.778
Finding 02-25
Allowable Costs and Activities**

Department Response

Recommendation 1, (re claim adjustment) DBH will submit the auditor's report to the State ADP so that ADP can establish an accounts receivable and bill the county for the overpayment of \$64.66 for the two ineligible group visits that were billed.

Recommendation 1 (ADS Audit Protocol & Supplemental Cost Report) The County QAR forms have been updated to include review of group numbers to comply with Drug Medi-Cal requirements. On November 19, 2002, staff from the State ADP Drug Medi-Cal program completed training for Title 22 requirements. Additional technical assistance training will be provided to Contractors as program compliance needs are identified.

State ADP is finalizing the FY 2001-02 Cost reports; therefore, rather than amend the cost report, the county will issue an audit report to the provider citing the findings and a disallowance of \$12,124 which will be recouped from the provider. The audit report will be sent

Recommendation 2, (re claim adjustment) DBH will submit the auditor's report to the State ADP so that ADP can establish an accounts receivable and bill the county for the overpayment of \$226.31 for the seven ineligible group visits that were billed.

Recommendation 1 & 3 (re good cause & group size requirements) On November 19, 2002 staff from the ADP Drug Medi-Cal post service-auditing unit provided a countywide technical assistance training for all contract and county service providers. State staff reviewed all the Title 22 requirements and provided current information to providers. Included in the training were the areas of:

- Group minimum/maximum size, attendance/sign-in sheets
- A reminder of the need to enter accurate data into SIMON
- Late billing codes and paper work required including the ADP 6065
- Good Cause reasons and the proper submission of Good Cause Certification Letters
- Health questionnaire & physical waiver requirements

Name of Responsible Person: Geronimo Breen

Name of Contact Person: Armand Freitas

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

**Medical Assistance Program
Alcohol and Drug Program
CFDA #93.778
Finding 02-26
Allowable Costs and Activities**

Department Response

DBH has drafted an updated and revised contract service manual and provided a copy to the auditor. The manual contains revised Quality Assurance Review forms and procedures. The QAR policies and procedures are contained on page 37 of the revised manual. The QAR forms have been updated to reflect the six part charts.

The manual is now under final review with DBH's Deputy Director of Alcohol and Drug Services and Regional Program Managers. Also under final review is the QAR job responsibility statement entitled Substance Abuse Program Coordinator. DBH intends to publish and distribute the manual to all providers for implementation on July 1, 2003. Until then, the current QAR forms are being utilized and are on file for review.

Technical assistance training will be made available to providers in the areas identified in QAR as being below standards and plans of corrections will be collected, reviewed for completeness, and kept on file. Overall program reviews will be conducted to assure compliance with Title 22 regulations.

Name of Responsible Person: Geronimo Breen

Name of Contact Person: Armand Freitas

**Medical Assistance Program
Alcohol and Drug Program
CFDA #93.778
Finding 02-27
Eligibility**

Department Response

On November 19, 2002, staff from the State ADP Drug Medi-Cal program completed training for Title 22 requirements for treatment providers. The State staff emphasized the need for timely preparation and completion of the physical waiver and treatment plans to comply with Drug/Medi-Cal program requirements.

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Corrective Action Plan

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Claim correction forms will be provided to ADS review staff to be completed by treatment providers upon detection of services that do not adhere to these requirements. DBH will explore the feasibility and cost effectiveness of modifying SIMON to edit for required physical waivers and late treatment plans.

Name of Responsible Person: Geronimo Breen

Name of Contact Person: Armand Freitas

Medical Assistance Program

Alcohol and Drug Program

CFDA #93.778

Finding 02-28

Reporting

Department Response

The due date for CADDs reporting is the tenth day of the second month following the month to which the data applies, i.e. 40 days after the reporting month. Based on that criterion six of the twelve reports were submitted after the due date. DBH's SIMON Unit staff generates the CADDs reports. We will reschedule the run dates for these reports to allow sufficient time to perform audits of the reports and timely submission to the State.

Providers are to send their monthly DATAR, due by the 10th of each month, to DBH who would then forward the document to State ADP via the fax machine. The DBH log designed to track Contractors' DATARs will be revised to reflect the providers name and number, date the report is received by the County, and date reports are faxed to the State. Further, fax transmittal forms will reflect specifically which DATAR report was faxed (this procedure was implemented in February, 2003).

Additionally, DBH will ensure the timely processing of DATARs by ensuring:

- DBH staff make monthly calls to those providers that have not yet sent timely DATARs
- DBH staff will attempt to fax DATARs earlier than the 10th of each month to ensure receipt at State ADP before the fax lines/circuits are too busy on the 10th of each month.
- DBH will have staff assigned to do the backup DATAR processing in the absence of the DATAR coordinator.
- DBH will ensure the timely and proper logging of incoming mailed DATARs.

Name of Responsible Person: Geronimo Breen

Name of Contact Person: Armand Freitas

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

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**Medical Assistance Program
Alcohol and Drug Program
CFDA #93.778
Finding 02-29
Reporting**

Department Response

Although the Medi-Cal share of cost was not reported on the monthly invoices to the State ADP, it was properly reported on the year-end cost report. Consequently, the county has not been overpaid by the State. Effective immediately, DBH will report share of cost revenue on a monthly basis rather than reporting it in total only at the year-end cost report.

Name of Responsible Person: Geronimo Breen
Name of Contact Person: Armand Freitas

**Medical Assistance Program
Alcohol and Drug Program
CFDA #93.778
Finding 02-30
Provider Eligibility**

Department Response

We concur with the auditor's observation that the filing system was not current. This program experienced a County-imposed delay in hiring a vacant position and another staff position incurred an extended medical leave. However, DBH does not believe any of the providers were operating without valid business licenses or proper insurance. DBH has updated its provider files and has arranged backup for this function should the need arise. We have since furnished copies of the missing licenses and/or insurance certificates for the period in question to the auditor.

Additionally, the provider review checklist will be expanded to include an item requiring a verification that all licenses and insurance policies are current. The county's Online Certificate of Insurance Maintenance Program will also be used to send notices to contractors whose certificates of insurance do not meet county standards and/or are due to expire

Name of Responsible Person: Geronimo Breen
Name of Contact Person: Armand Freitas

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

HIV Emergency Relief Formula Grant Title I CFDA #93.914 Finding 02-31 Reporting

Department Response

- The Ryan White CARE Act (RWCA) Title I Program, administered by the Department of Public Health, San Bernardino County, implemented new methods for advising its subcontractors of reporting requirements in RWCA FY 03-04. These document that all subcontractors are advised in advance of their reporting obligations to the County. Included in these is the reporting timelines for the CARE Act Data Report (previously known as the AAR). This will facilitate timely submission of data to the County and allow sufficient time for transmission of this data to the granting agency, Health Resources Services Administration (HRSA).
- The Public Health Department will take necessary steps to make sure the 45 day deadline is met. We will access the web-site prior to the due date to make sure HRSA is not indicating they are anticipating any long term delays with the site and we will request extensions, in writing, if there are extenuating circumstances. The 45 day limit after the end of the April - June quarter will always be difficult to meet due to the length of time it takes the County to close their books. We will work closely with the Auditor's office to try and receive the necessary data in time. I do not know if HRSA allows revised SF-272 reports but that could also be an option. The Department considers the 45 day deadline a necessary part of the contract with HRSA and every effort will be made to submit reports timely.
- The CARE Act Data Reports will be reviewed by Grantee Staff to insure accuracy and completeness prior to forwarding them to HRSA. This practice has already been put in place as of March 2003.

Name of Responsible Person: Daniel Perez (AAR and CARE), Mary Peluffo (SF-272)
Name of Contact Person: Daniel Perez

HIV Emergency Relief Formula Grant Title I CFDA #93.914 Finding 02-32 Subrecipient Monitoring

Department Response

The one subrecipient who did not have a Single Audit report did not believe it received \$300,000 in federal expenditures during the 2001 fiscal year. The contractor believed that one of its funding sources, over which we do not

COUNTY OF SAN BERNARDINO, CALIFORNIA

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have oversight authority, was not federal funds. However, it was later determined that the funds were federal pass-through funds. HSS Auditing has followed up and the subrecipient stated they are in the process of having a Single Audit prepared for its last fiscal year (calendar year 2002).

In the future, HSS will research all expenditures, including non-HSS funding sources, to determine whether total federal funds expended were \$300,000 or more. A work paper will be developed to ensure that this procedure is being followed. The supervisor reviewing the monitoring work papers will ensure that the Single Audit review was made. The completion date for this corrective action will be October 31, 2003.

Name of Responsible Person: Martha Williams

Name of Contact Person: Jennie Randolph

Adoption Assistance Program

CFDA #93.659

Finding 02-33

Allowable Costs and Activities

Department Response

Currently all employees who complete time studies receive the Interim Instruction Notice (IIN) with the instructions for the next quarter's time study. In conjunction with this, a memo will be sent to all Department of Children's Services staff emphasizing the need for staff to accurately record all non-allocable time. This memo will be included with the time study instructions for the August 2003 time study. Additionally, supervisors will be instructed to make copies of all leave request forms during time study months. They will be required to compare the leave request forms to the individual's time study form.

The completion date for the corrective action will be October 31, 2003. Children's Services management will ensure that this finding has been corrected.

Name of Responsible Person: Cathy Cimbalo

Name of Contact Person: Jennie Randolph

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Mental Health Block Grant CFDA #93.958 Finding 02-34 Allowable Costs and Activities

Department Response

The Department of Behavioral Health (DBH) will implement quarterly procedures to ensure that the salary and benefit costs of any physician working in the program will not be claimed to the State. Also, a quarterly worksheet will be prepared that will reflect the reconciliation of the gross operating costs per the DBH operating statement for the SAMHSA funded centers with the net operating costs claimed on each quarterly report.

Name of Responsible Person: Maria Coronado
Name of Contact Person: Maria Coronado

Mental Health Block Grant CFDA #93.958 Finding 02-35 Allowable Costs and Activities

Department Response

DBH will implement a quarterly and annual reconciliation process between the DBH Operating Statement and the State reports. Beginning July 1, 2003, DBH will implement the accounting process to post SSI revenues to individual contractor's cost centers.

Name of Responsible Person: Maria Coronado
Name of Contact Person: Maria Coronado

Mental Health Block Grant CFDA #93.958 Finding 02-36 Allowable Costs and Activities

Department Response

The Homeless program staff has been oriented to appropriate documentation and medical record charting standards. The staff receives weekly case reviews and chart monitoring from program supervisors to ensure compliance with DBH standards.

COUNTY OF SAN BERNARDINO, CALIFORNIA

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The Homeless program staff now includes a voucher log, which indicates the vouchers issued in sequential numerical order. Other information in the log includes the client's name, date of issue, name of shelter, and date of exit from shelter. All Homeless Program staff has been instructed on the procedures related to the use of homeless shelter vouchers and the tracking log.

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

Mental Health Block Grant

CFDA #93.958

Finding 02-37

Earmarking

Department Response

The County DBH will create supporting worksheets each quarter listing the various administrative cost centers. The quarterly administrative costs will be distributed to all appropriate revenue sources, including the SAMHSA grant. This supporting worksheet will be used to prepare quarterly and annual reports for all grants

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

Mental Health Block Grant

CFDA #93.958

Finding 02-38

Procurement, Suspension and Debarment

Department Response

The DBH has implemented the County Risk Management's centralized contractor Insurance Tracking System.

The DBH's shelter service contracts do require contractors to operate with all valid licenses in place. DBH will implement procedures to ensure: 1) clients are not placed in a shelter setting for more than the number of exempted days under state law; and 2) that contractors are in possession of valid business licenses at the time contracted services begin and as business licenses expire during the contracted service periods.

The DBH has corrected the contracting relationship with the dissolved corporation. We have completed internal staff training on the appropriate handling of contractor's notices concerning a contractor's change of organizational status.

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

Mental Health Block Grant

CFDA #93.958

Finding 02-39

Reporting

Department Response

The DBH has implemented procedures now to ensure that the reports are submitted timely in the future. A vacant Accountant II position that added to the workload of the unit processing the quarterly reports is now filled with trained staff.

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

Mental Health Block Grant

CFDA #93.958

Finding 02-40

Subrecipient Monitoring

Department Response

The DBH has implemented a method to determine subrecipients that require a Single Audit report to be filed with the department. DBH will implement procedures to monitor that Single Audit reports are submitted timely to DBH. Upon receipt, DBH will review the Single Audit and as required by regulation, DBH will either retain the Single Audit report in its Contractor's files or send to the applicable State department.

DBH will implement a formal monitoring program for Homeless Shelter contractors.

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

Mental Health Block Grant

CFDA #93.958

Finding 02-41

Subrecipient Monitoring

Department Response

The DBH will implement formal follow-up procedures for contractor deficiencies identified by other audits (i.e. State or County DBH Quality Control) to ensure the contractor corrects deficiencies in a timely and appropriate manner.

Name of Responsible Person: Maria Coronado

Name of Contact Person: Maria Coronado

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

U.S. Marshal – Federal Inmates

CFDA #16.000

Finding 02-42

Allowable Costs and Activities

Department Response

- The inmate was housed in Unit 16, without a medical complaint, at the request of the USMS. The inmate required a very unusual level of sequestering from other inmates and the USMS was willing to pay the price.
- This billing should not have occurred. The person compiling this information was advised to make a date check of all charges that are placed on the monthly bill.
- In a verbal agreement with the USMS several years ago, we agreed to provide dental care and to bill the USMS at a rate of \$25.00 per visit. This should also be reflected in an amendment to the IGA.
- This X-ray cost was missed and was erroneously not billed by the fiscal clerk. The treatment records for Federal inmates are being reviewed weekly by the Nursing Supervisor to avoid future errors of this type.
- The verbal agreement made in December, 1999, to charge a flat rate for trips to and from San Diego, was instituted at our request. Because of scheduling, we would have had to make two trips each day to San Diego to transport the same inmates. It would not have been fair to bill for two trips when, technically, one trip is all that is required. The circumstances leading to the verbal agreement no longer exist. In the future, we will bill these San Diego transportations per the June 15, 1999 amendment to the IGA.
- In the future, the transportation memorandums will be reviewed for accuracy by a supervisor prior to being sent to the Bureau of Administration.
- Medical records for inmates who have been released from custody are stored in a secure location outside of the medical area. It can take up to 24 hours to request one of these records depending on the date of release.

Name of Responsible Person: Norm Hurst

Name of Contact Person: Jerry Benjamin; Carolyn C. Bondoc

COUNTY OF SAN BERNARDINO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2002

U.S. Marshal – Federal Inmates CFDA #16.000 Finding 02-43 Equipment and Real Property Management

Department Response

The Sheriff's Department plan to establish a separate file for fixed assets purchases which will be reconciled with the ACR's master fixed asset file at the end of the year.

The Auditor Controller's Office agrees with the recommendation and will work with the department to identify all federally funded equipment. This data will be used to update and track federally funded capital assets on the new software ledger. In addition, the Auditor Controller's Office has implemented procedures to identify the daily capital asset expenditures to ensure that the asset is properly capitalized

Name of Responsible Person: Norm Hurst (Sheriff); Pat Sharrit (Auditor /Controller)
Name of Contact Person: Jerry Benjamin; Carolyn C. Bondoc (Sheriff's Dept.); Oscar Valdez (Auditor/Controller)

U.S. Marshal – Federal Inmates CFDA #16.000 Finding 02-44 Davis Bacon Act

Department Response

In the future, for all Federal funded projects, Architecture & Engineering will collect the certified payrolls on a weekly basis and will verify that the proper wages are paid. The verification will be done by the Supervising Accountant II. Any discrepancies will be brought to the attention of the contractor and additional information will be obtained to verify that the corrected wages were paid.

Name of Responsible Person: Daniel Ojeda
Name of Contact Person: Eli Montoya

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Corrective Action Plan

Year ended June 30, 2002

Aging Cluster CFDA #93.044 and 93.045 Finding 02-45 Reporting

Department Response

The Department of Aging and Adult Services (DAAS) will implement procedures to ensure that required reports are properly reviewed for accuracy and completeness, by a supervisor or administrator, prior to submission to the California Department of Aging (CDA) and will be submitted by the required/approved due date in order to ensure compliance with federal requirements related to reporting. On reports that require electronic submission, DAAS will print out and retain the verification confirmation that the report was successfully submitted to the State, and will obtain supervisor or administrator initials on said submission report. DAAS will maintain copies of all reports submitted to the CDA in a local file for review and audit by any and all agencies.

Name of Responsible Person: Mary Sawicki
Contact Person: Tanya Bratton

Aging Cluster CFDA #93.044 and 93.045 Finding 02-46 Subrecipient Monitoring

Department Response

DAAS will ensure that established procedures regarding subrecipient monitoring are consistently followed per CDA guidelines. A monitoring plan will be discussed and reviewed by DAAS personnel performing the monitoring. Supervisory and administrative staff will review the plan for accuracy and completeness. This should ensure an organized process for completing the monitoring in a timely fashion. All required monitoring documentation will be properly maintained in the subrecipient files.

Name of Responsible Person: Mary Sawicki
Contact Person: Tanya Bratton